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ABSTRACT

Designed for use in a half-year program or minicourse, the material presented in the curriculum guide is intended to give students specific information pertaining to shelter or real estate and to give students the opportunity to gather information on shelter-related careers. The guide is organized by content and related activities and provides information in the areas of budgeting, renting, and horse buying. Appended are transparency masters which relate to the content. (LJ)

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PRACTICAL REAL ESTATE

FOR

THE HIGH SCHOOL STUDENT

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STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
DIVISION OF VOCATIONAL EDUCATION
BUREAU OF OCCUPATIONAL RESEARCH DEVELOPMENT

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State of New Jersey
Department of Education
Division of Vocational Education

PRACTICAL REAL ESTATE FOR THE HIGH SCHOOL STUDENT

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This publication is one of a series of curriculum documents in career education written under the statewide curriculum development project conducted by the New Jersey Curriculum Management Center. Materials developed under this project are published by the New Jersey Vocational-Technical Education Curriculum Laboratory in order to ensure the widespread availability of these materials to practitioners in the field at a reasonable cost.

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INTRODUCTION

This program grew out of a recognition that many students will acquire legal adulthood prior to leaving high school. As young adults, many are experimenting in a new life-style. This seemingly carefree, independent environment is appealing to some, but the personal responsibilities and legal ramifications which accompany this newly acquired status must also be given consideration.

This teacher's guide may be used to present basic real estate information; however, a teacher presenting this program must expose students to specific information, guest speakers, field trips, and films in order to enhance the basic outline and make the program more meaningful. Students should be encouraged to prepare reports and do research on material presented. One of the most valuable sources for occupational and career information is OCCUPATIONAL OUTLOOK HANDBOOK. This annual publication by the Department of Labor, lists more than 800 jobs -- their history, nature of work, training requirements, etc., and is highly recommended for regular class use.

The purpose of this program is two-fold: 1) to give students specific information pertaining to shelter or real estate; 2) to give the studerts the opportunity to gather information on shelter-related careers. The guide, which is divided into content and activities, provides three specific information areas: 1) budgets; 2) renting; and 3) house buying. The fourth area in the guide is an appendix. The program is designed as a half-year or mini-course.

GENERAL OBJECTIVES

The student will learn to establish goals that are important to him.

The student will recognize that different careers require varying types of educational preparation.

The student will recognize that learning is a continuous phenomena both in and outside of school.

The student will become aware of the variety of occupations found in the world of work.

The student will understand the inter-relationships of personal economics, life-style, and occupational roles.

The student will become proficient in using resource information to make career decisions.

The student will develop an appreciation for the value of work and continual learning.

BEHAVIORAL OBJECTIVES

1. Given a format, the student will complete, in writing, a basic student budget and simulated adult budget.

2. Using the procedures established by the teacher, the student will maintain a notebook with class notes, group activities, individual projects, field trip experiences and guest speaker reports, as well as a "New Word List" for evaluation purposes.

3. The student will be able to select from a leasing agreement, ten considerations with 100 percent accuracy.

4. Each student will be able to explain the New Jersey "Tenants Bill of Rights" orally with 80 percent accuracy in open discussion.

5. Through comparison of banks, the student will be able to analyze the terms and conclude the best financial arrangement for his personal finances.

6. Provided with a checklist, the student will evaluate three homes, compare their value, and defend his choice orally.

7. Given a series of speakers and field trips, the student will appraise the various career clusters and re-define his career goal.

TEACHER'S GUIDE

Each page in the first three sections of the guide is divided into three sections:

1. Content
2. Related Transparency
3. Activities

The teacher should feel free to add or delete activities.

Teachers unfamiliar with the local community may solicit ideas for field trips and guest speakers from administrators, fellow teachers, and students. Names of local businessmen who may wish to cooperate with the school, may be found by scanning the "Yellow Pages." The telephone is useful for initial contacts and tentative scheduling. After a calendar of tentative speakers and field trips has been compiled, a letter of confirmation should be mailed two weeks before the date of the event. This letter should include an agenda, emphasizing the speaker's field of expertise and his feelings about his career development.

Students should be encouraged to maintain a notebook with class work, group activities, individual projects, field trip experiences and guest speaker reports. This notebook can be used as a means of evaluation.

Some teachers will note that many of the activities are suitable for a large group. However, there are activities designed for those smaller groups where individualized instruction is possible.

UNIT I -- BUDGET PREPARATION

Content

In presenting a budget it is desirable to have it written down. Since we are rookies and not professionals it would be wise initially to put our plan on paper. Most of us could not project a pile of wood, stone, nails, etc. into the finished home. Therefore we must, like the builder, proceed step by step. Our steps can be lengthened, shortened and revised from time to time. "Flexibility" is necessary if we are to maintain our plan. Like the builder we must prepare ourselves for certain adversities (climatic, illness, etc.). Patience, mutual understanding and diligence will bring us our reward in time.

Essentially, we are trying to establish approximately where our money is coming from and where it will be going. The monetary decisions we make affect the way in which we live.

Activities

Ask the students to think back over the last two years and recall some of the most interesting things they did.

Could they project two years ahead? Do they have any plan for what they might be doing?

Content

Activities

FACTORS FOR BUDGETING

What are some reasons for having a budget?

What is a budget? Discuss

Possible answers:

To help us live within our means.

Do we budget daily? Give an example.

To help define our potential needs and goals.

Reasons for a budget?

To evaluate our financial status.

To educate ourselves in successful money management.

Reasons for not having a budget?

To save money.

To develop a way of thinking and living.

List on board and discuss.

Misconceptions for not having a budget:

"I have never felt a need." Actually people who are financially secure should budget before an economic difficulty occurs.

Are you saving enough?

BASIC BUDGET PLAN

A "basic budget plan" consists of three steps:

What is a goal?

Should we plan our finances the way we plan our education?

1. Establish goals.
2. Estimate income.
3. Plan income use.

Have each student list some short-range and long-range goals.

ESTABLISHING GOALS

Like a builder we should try to project ourselves into the future. He might consider the aesthetics, durability, future growth, and size of the door knobs. We do the same things daily.

Content

Activities

All of us have goals -- some are long-range, intermediate, and short-range. A few of us are lucky and can project many years beyond high school through college (long-range goal). Completing junior college while working part-time at our present job might be an intermediate goal. Starting a full-time job or getting engaged immediately after graduation might be considered a short-range goal.

Long Range (home)

Intermediate (college)

Short Range (a job)

Through discussion, students may observe that their interpretation of long- and short-range will vary accordingly. Our priorities will change with time, but if we are to attain our goals we must develop a plan.

ESTIMATING INCOME

In preparing a budget it is necessary to project our future income. Some students will have little difficulty because they are aware of their income. The uncertain student may use $2.50 as an hourly wage for a 40 hour week. What is income? The money we earn, interest on savings, inheritance, etc. What is the difference between Gross Income and Net Income? Gross Income is the total wage

Using student's pay stubs, show gross income, net income, deductions.

What is F.I.C.A.?

How many students keep a record of their work hours? Why? Why not?

Content

before deductions (taxes, social security, etc.)

Net Income is the total wage after deductions (taxes, bonds, etc.). This is known as take-home pay. This difference for an unmarried worker may be as much as 20 percent.

$100.00	Gross Income
20.00	Deductions (Taxes, etc.)
$ 80.00	Net Income or Take-Home Pay

In budget planning we use the Net Income figure for our projections.

*Note: Working students should be encouraged to keep a record of the hours and times they work each day. Employers make mistakes which will be reflected in the student's pay envelope. Also, a student whose employment has been terminated may need a record in order to collect monies withheld by an employer.

A TYPICAL FAMILY BUDGET (MONTHLY)

Fixed Expenses:

- Rent or Mortgage
- Utilities: gas
  - electric
  - oil
  - telephone
  - water
- Insurance
- Car Payment

Variable expenses:

- Food
- Clothing
- Medical
- Recreation
- Auto Maintenance & gas
- Miscellaneous
- Savings

Activities

Have the students project their income for the remainder of the school year. Use 20 hours a week @ $2.50 per hour. What is their gross income?

Using 20 percent for income taxes, social security, etc., what is their net income?

40 weeks x 20 hrs. per week = $2,000.

$2,000	gross
.20	less
$ 400	deductions

$2,000	gross
400	less
$1,600	net income

Have the students prepare a budget form similar to the guide. Most students can obtain approximate answers from their parents.

What assumptions can made, based on the budget figures?

Where is most of the money being spent?

Content

A TYPICAL STUDENT BUDGET (MONTHLY)

Fixed Expenses:

Possible car payment
Insurance

Variable Expenses:

Clothing
Entertainment
Lunch -- Outside of School
Savings

INCOME USE

Where does our take-home pay go?

Answer: Varied replies could be listed. Our net income or take-home pay is used to pay for:

1. Fixed expenses
2. Variable expenses.

Fixed Expenses would include the necessities such as rent or mortgage, utilities, transportation, and insurance. These are the must items. Variable (Non-Fixed) expenses would include items such as recreation, food, gifts, personal care, savings and miscellaneous. These are WANT items.

Some students will find it difficult to differentiate between fixed and non-fixed items. To some, this may not seem important since they may spend all their money anaway; but the fact remains that fixed expenditures are constant. You cannot avoid the rent or mortgage payment.

Activities

Ir what areas can expenses be reduced?

Review periodically.

How many are maintaining their budgets?

Have the students compute where their money goes. (T-1)

Does most of their money go on fixed or non-fixed expenses? (T-2)

Compute on the board a student's pay for one year. How much does he have now? Savings, etc.? Surprising -- where did it go?

How do our parents budget their money?

Content	Activities
Paying board to parents or repaying a loan for a car is a fixed expense for a student. In order to maintain a certain lifestyle that we've established, we can only reduce our basic needs -- we can't eliminate them. Students may realize as they develop their budget that they will have to compromise. Independence (e.g., living away from home, owning a car, and maintaining a charge account) implies responsibility. Often this independence-responsibility revolves around the dollar and is very expensive. In order to have the things we want it is necessary for us to budget. We have an insatiable thirst for consumer goods, resulting in the need for careful budgeting and sometimes compromising.	Discuss with the students "compromise." Have them illustrate compromise experiences.

UNIT II -- RENTING AND LEASING

Content	Activities
RENTING	
In America today there are nearly 70 million tenants. Many live in fine apartments with special features, while many others live in rat-infested tenements. The cost of living in these apartments varies from less than $100 per month to over $1000. Costs are based on location, square footage, and availability.	What are some special services offered to tenants in luxury apartments?
Some cities have an agency that controls the amount of rent charged, and maintains the legal reinforcement of these stipulated rents. In New York City, a commission certifies that a landlord can only increase a vacant apartment by 15 percent. Tenants in rent-controlled apartments can apply for rent reductions if there has been a decrease in service.	What is meant by "Rent Control?" Invite a landlord and a tenant association member to an open debate on the "pro's and con's of rent control."
Low-income housing or public housing offers shelter to people with low incomes. In some communities, the local housing agency leases the apartment from private landlords and re-rents them to tenants at reduced rates. Usually the difference in rent is made up by a government subsidy.	

Content

Activities

Advantages of Renting

One important reason for renting is that you don't have the responsibilities of a home owner. If a pipe breaks or snow has to be removed, it is up to the landlord to make the necessary adjustments. An apartment dweller can relax, knowing that he or she will not have to pay for major maintenance repairs.

Renting permits you to better plan your expenditures. Once the initial rent is established, you no longer have to consider financial allotments for property taxes, heating, etc. As newlyweds, renting offers a fine opportunity to save for home ownership at a later date. Newlyweds may find immediate home ownership financially prohibitive.

When moving to a new area, many people find it desirable to rent until they become acquainted with their new surroundings.

Using the classified ads of a local paper compare rents for 1-2-3 bedroom apartments. Are there significant differences? Why?

Who is In Charge?

When you rent an apartment you become a tenant. The owner is the landlord. A lease or contract indicating rights and duties of the landlord and tenant, may be in writing. ALL LEASES SHOULD BE IN WRITING. Oral (spoken) leases are hard to enforce and usually lead to

Why is it necessary to get a written Lease? What are the advantages and disadvantages?

Contents

misunderstandings. Most leases specifically specifically indicate the period of the tenancy.

If there isn't any written agreement, it is usually assumed that the relationship between the landlord and the tenant is on a month-to-month basis. Usually this agreement can be broken by either party, giving 30 days notice.

Duties of the Landlord

Written leases detail the responsibilities of the landlord. Usually, "major repairs" such as wiring, plumbing, roofing, are the co concern of the landlord.

A tenant must be provided with "quiet enjoyment." This means that the landlord must see to it that the tenant is not disturbed. Usually the law will uphold the right of the tenant, even if this condition is not explicitly included in a lease. A landlord-tenant relationship usually implies such a condition.

Landlords must provide a place fit for habitation. This is known as "implied condition." Even though it isn't in a lease, when a landlord offers an apartment for rent,

Activities

Why is it necessary to get a written lease? What are the advantages and disadvantages?

What specific requirements are needed to make an apartment a fit place to live? (T-3)

Contents

Activities

he implies that it's a suitable place in which to live.

Many cities have "Housing Codes" which specifically list the duties of the landlord. These minimum standards help to insure the safety and health of the tenants in the building.

Why are housing codes difficult to enforce?

Note: In many large cities, there are many substandard dwellings in which the housing codes are not strictly enforced. Enforcement agencies are often understaffed, and inspection is infrequent. Landlords, when brought to court, claim repairs are impossible and receive small fines.

Duties of the Tenant

A tenant has an obligation to know his duties, as well as his rights, under a lease. The most important obligation of a tenant is to pay his rent. Most courts of law maintain that a tenant retains this obligation even though the landlord fails to fulfill his responsibilities. In other words, just because the tenant didn't get the amount of heat he wanted, doesn't give him the right not to pay his rent.

How would you define "normal wear and tear?"

Would normal wear and tear be the same for a widow living alone as for a family with six children? Explain your answer.

Why do landlords forbid tenants to make improvements without written permission?

Care of Property

A tenant should remember that he is paying a landlord to use the landlord's property --

Content

Activities

ownership is still retained by the landlord. By renting, the tenant must take "reasonable care" of the owner's property. This is implicit or explicit when one signs a lease. Many leases contain clasues forbidding a tenant to "suffer or commit waste." If a tenant damages an apartment beyond "normal wear and tear" he commits waste.

A tenant must leave an apartment in generally the same condition he found it. The tenant is responsible for keeping the apartment clean and making minor repairs. The interior or exterior may not be changed without the landlord's permission, even if the tenant defines it as an improvement. Again, the property belongs to the owner not the tenant. A "do-it-yourselfer" may find that he cannot remove a bookcase, room divider, etc. which he has attached to the structure. These attachments now become part of the property because they are now fixed and permanent. Their removal may cause damage or significnatly change the original structure causing necessary repairs and expenses to the owner.

Content

Activities

The Lease

Most leases appear to be a document drawn up by the landlord's lawyer. Regardless of the length of the agreement it should be read very carefully and fully comprehended by the future tenant. A lease is a serious financial commitment and being such, it is wise to consult a lawyer. A lawyer will read it and advise you of the important points and may actually make changes in the contract. Whether you seek legal counsel or not, there are certain points of which you should be aware.

What are some of the factors which determine the amount of rent?
(T-4)

How does a housing shortage affect landlords?

Time: The lease should clearly specify when the tenancy begins and ends. What happens when it expires? Beware of "automatic extension" clauses which mean that you, the tenant, automatically renew this lease for another full term unless the landlord is informed in writing before the lease expires.

Rent: The amount of rent and when it is due should be explicitly clear. It should also indicate whether a deposit is required (the amount, exactly for what it is security -- such as unusual wear and tear -- and when and how the tenant will be reimbursed).

Should there be laws requiring landlords to make repairs before they rent apartments?
(T-5)

Content	Activities
Utilities: Who will pay for the heat, light, water? In some apartments, the rent covers everything except the phone; in others the tenant pays for all or part of the utilities.	Contact
Repairs: Plumbing, heating, repairs should be the responsibility of the landlord. These repairs, including roof, windows, doors, appliances, etc. should be stated in the lease.	
Insurance: A clause in the lease should state that the landlord is responsible for insuring against fire, leaking pipes, etc., even if the damage is caused by the tenant. It is wise for a tenant to have insurance to cover damage to his personal property and to protect himself against liability claims if someone got hurt in his apartment.	Contact an Insurance Company for their apartment insurance rates. Should a newly married couple consider insuring their furniture?
Restrictions: Usually a lease will contain a number of "no-no's" regarding the rights of tenants. These may include: pets, noise, alterations, furnishings, business use, storage, hallways, laundry, garbage, signs, etc.	Compare the written rules of apartment owners. Are they reasonable?
Inspections: Beware of clauses which would allow a landlord to inspect your apartment anytime; or one which allows the landlord to bring prospective tenants through your apartment indefinitely. This is an invasion of tenant's	

Content

right to privacy. A "free access clause" should stipulate a "reasonable time."

Lease Changes: Any additions or deletions must be initialed by both the landlord and the tenant. Without both initials the changes are not binding.

Security Deposit: It is common for landlords to hold a security deposit which is equivalent to one month's rent. This money is retained by the landlord until the end of the tenant's lease. If the tenant has not lived up to his responsibilities in the lease, the money can be kept by the landlord.

Sublease: This clause, with the owner's approval, allows the tenant to move out of his/her apartment before the lease expires. The tenant must find someone else to occupy the apartment and pay the rent. If the second tenant neglects to pay his rent, the first tenant is responsible, because the original lease is still in effect.

Activities

Is there any way a tenant can "break" a lease?

Content	Activities
Conflicts It is not unusual for problems to develop between landlord and tenant. When one party fails to meet the demands of the lease, he is said to have breached or broken the agreement. If a tenant fails to pay his rent, the landlord can go to court to collect or evict.	What complaints might tenants make? Which should the landlord be required to correct.
Most Common Landlord Complaints 1. Legal costs and harrassment when tenant doesn't pay rent. 2. If tenants destroy, or in any way damage property, it is most difficult to collect for damage. 3. Rents too low. 4. As owner, landlord resents the fact that tenants have more say concerning property than he does.	
Most Common Tenant Complaints 1. Inability to control heat; either too hot or too cold. 2. Rents too high. 3. Landlord does not make repairs within a reasonable length of time. 4. Other tenants noisy.	

Content | Activities

Eviction

When events between the landlord and tenant become strained the landlord may attempt to force him off the property through a process known as eviction. This legal procedure has certain steps which must be followed exactly. (T-6)

1. Proper Notice: A landlord must give a tenant a written notice which explains that if the tenant does not meet his obligations by a specific time, legal action will be taken against him. Should the tenant fulfill his obligation (example: pays rent) then the landlord must stop the eviction proceedings. (T-7)

2. Complaint: Failure by the tenant to meet the obligations by the deadline stated in the notice gives the landlord the right to go to court and file a complaint. The complaint will describe the reasons why the landlord is pursuing a legal course of action and what action he wants taken.

3. Summons: A person appointed by the court will present the legal papers, including the complaint, to the tenant or a responsible member of his family. The summons will state when he is to appear in court to defend himself.

Content	Activities
4. Tenant's Reply: The tenant should appear in court before the deadline indicated in the summons. If the tenant fails to answer the summons, the court will presume that he agrees with the landlord and the case will be won by the landlord without a trial.	
5. Trial: If a tenant does fight the landlord's summons, the court will set a trial date. Both sides will have an opportunity to be heard in court. If the tenant has not paid his rent, the landlord usually wins. Regardless of the specifics in the case, the judge will determine who wins and what action will be taken. If the landlord wins, the judge will set a certain time when the tenant must leave. If the tenant fails to comply with the eviction notice, the landlord may get a sheriff to physically remove the tenant's possessions from the landlord's property.	Does the eviction process seem fair to both parties?

Content

Activities

Breach by the Landlord

Failure by the landlord to provide proper heat, water, "quiet enjoyment," etc., are usually considered breaches of contract. A tenant has avenues of recourse by which he may seek to resolve the problem.

Why don't tenants take the landlord to court more often? (T-8)

What recourse does the tenant have?

Agencies: Most cities have a housing agency or department which deals with the problems of tenants. Unsafe or unsanitary conditions may be reported to such a department. An inspector will check to see if any housing codes are being violated, and if necessary advise the landlord to make the necessary repairs. Should the landlord ignore the order the agency may take him to court.

Complaints by tenants, particularly those who are renting on a month-to-month basis, may result in landlord retaliation. The landlord (1) may serve notice; (2) increase the rent; or (3) decrease services, all of which are a direct threat to the tenant.

Court Action: The tenant may go to court directly and seek an injunction (a court order forbidding a person to perform an act) against the landlord claiming he will be "damaged" if the owner will not remedy the situation. This is

Content	Activities
often very hard to prove, and many court decisions have reasoned that the tenant could always move in such an unbearable situation. Some lawyers feel it is better to try to recover damages. A tenant who was injured or required medical treatment as a result of the breach by the landlord may recover the costs of the medical bills.	
Constructive Eviction: A tenant may legally break his lease and move out if he can prove that the landlord has forced him into this action by not supplying the basic provisions such as heat, water, etc., or if the property has been damaged by fire, sotrm or other natural disaster.	
Tenant Unions: In some areas, landlords have shown no respect for tenant's rights. Consequently, tenants have formed organizations known as unions or associations. The tenants give their rent money to a third party to hold until a certain condition is met. This often angers the landlord and results in eviction proceedings for the union leaders. The New Jersey Tenant Association was instrumental in getting a "Tenant's Bill of Rights" passed into law in 1974.	Does your community have rent controls? Have the tenants formed associations? How does C.P.I. (Consumer Price Index) affect rent? Secure a copy of the NJ "Tenants Bill of Rights." Review with the students the "Tenant's Bill of Rights."

UNIT III -- BUYING A HOME

Content	Activities
Investing in a Home Shelter is one of our basic needs. It is estimated that two-thirds of all families in the U.S. are homeowners. During a lifetime approximately 20 percent to 25 percent of our total income is spent on housing. Some families see a home as a way of saving money; others do not like being dependent on a landlord. Owning a home pro vides many families with a sense of security and they see home ownership as an investment.	What are the advantages of owning a home? Short written report: Have the students ask their parents or neighbors why they purchased their homes and are they satisfied with this decision. Why - Why not?
The Big Step -- Buying a Home. Why Buy? On a short-term basis renting has certain advantages: there is no need for large amounts of money for down payments, freedom from maintenance responsibilities and expenses, mobility, etc. Buying a home offers certain advantages: land appreciation, hedge against inflation, tax advantages, pride of ownership, etc. Note: Some students may prefer to think of a home in terms of a condominium or a mobile. The basic difference is density. Condominiums and mobil homes usually offer more units per acre than single family residences. Space, therefore, is a prime reason for people buying in the suburbs and the country.	Some students might find it interesting to conduct a survey as to why people located in a certain area. For what are people looking?

Content

Activities

How Much Can You Afford?

If one decides to purchase a home, the next step is to determine ho much of one's monthly income can be set aside for mortgage payments, property taxes, house insurance, and maintenance? A general rule of thumb suggests that a family can afford to spend from two to 2½ times their annual family income for a house. Also, the buyer's monthly mortgage payment should not be more than one week's salary. The buyer is the best judge of how much he can afford. The amount will depend on present debts, average living expenses, future earning power, and present savings. Generally speaking, a couple with a $10,000 income, $4,000 in savings could afford a $25,000 dwelling.

Property taxes usually run from two percent to four percent of the assessed value. Usually the assessed value is much less than the actual value of the property. The local tax assessor can provide the tax rate and assessment of all residences. In the case of new structures estimates can be made prior to construction based upon inspection of the building plans.

(T-9)
Guest Speaker

Local tax assessor to speak on New Jersey property taxes. Reforms, etc.

Note

Preliminary cost chart

Using the Classified Ads from local newspapers, have students estimate their future earnings, and compile a list of homes for consideration.

Content	Activities
Insurance for the house usually costs about $5.00 per $1,000 of property value. Maintenance is estimated at 2 percent of the value of the house. Note: By 1975 New Jersey will have some type of tax reform which will revise the present property tax system. How Much of A Downpayment is Necessary? How much of a downpayment is desirable? Formerly, conservative thought implied making a large deposit and getting a loan for 15-20 years. Steady inflation and the decrease in the value of the dollar has suggested to many people making a small downpayment and carry a mortgage for longer periods. In some states it is possible to get a 40 year mortgage. For many young couples this is the only way they can afford their own house. With a 25-40 year mortgage, usually interest paid will equal and exceed the purchase price of the home. Lending institutions will greatly influence your choice, because ultimately they will or will not lend you the money necessary to purchase a house. Commercial banks, savings and loan institutions, and credit unions are customarily referred to as acceptable sources of credit.	(T-10) Explain the monthly mortgage payments at the various rates. Demonstrate the difference between rates and what the monthly difference means over a period of 25 years.

Content	Activities
In a "tight" money market institutions are reluctant to loan money and the requirements for securing a loan become more stringent. It is advisable that one make a comparative study of the various interest rates and conditions offered, and make a decision on this basis.	
A tight market may have interest rates over 8 percent (presently 9 percent) 1/3 down-payment, and little or no V.A. or F.H.A. money available. Some institutions will not accept a mortgage application unless the applicant is a regular customer. As the market "loosens" (interest rates dropping and more money available) these stipulations usually relax.	What are the present interest rates for mortgages? Have students check with some local banks as to what type of terms they could get for a mortgage. How much down? How long? What interest rate?
A key point to remember is that the government, through the Federal Reserve Banks, controls the flow of money to our various lending institutions. If the government officials feel that the economy is getting out of control (inflation) they may attempt to slow it down by increasing the interest rates.	
Without capital, institutions cannot give mortgages -- people do not buy, and this will hopefully result in stable prices.	

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Financing the Purchase of a Home

Few people today have $25,000 to $50,000 in ready cash to purchase an average house; therefore, they must borrow the money needed in the form of a loan called a mortgage. A mortgage is a pledge to repay the loan that has been extended to the purchaser for the purpose of buying the house. The house is pledged as security for the loan. The loan is paid back in equal monthly installments (mortgage payment) at a certain interest rate for a specific term. If the borrower or mortgagor fails to comply with the terms, the lender or mortagee has the right to foreclose.

Basic Mortgage Loans

Conventional: Usually this type of loan is easier to obtain provided the borrower has at least a 10 percent down payment. During periods of "tight" money, banks may require 30 percent or more. Conventional mortgages are susally for 20-25 years. The interest rate charged will vary but usually is a little more than F.H.A. or B.A. loans.

F.H.A. (Federal Housing Administration): These loans are insured by the federal government and are available from the usual lending institutions. The buyer's down payment is usually less than 4 percent

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of the purchase price. At present, because of "tight" money, the interest rate is 9 percent plus ½ percent for insurance. The maximum loan is $33,000 which is good for young couples seeking a low priced home.	Visit three lending institutions and speak to the mortgage loan representative. Acquaint him with the information given before.
V.A. (Veterans Administration: V.A. or G.I. loans are also insured by the federal government. The borrower must be a veteran of the armed services and meet certain requirements. Traditionally, the V.A. interest rate was lower than conventional or F.H.A. loans; however, this is not the case at present. The V.A. interest rate is 9 percent with no down payment required, up to 30 years with $50,000 maximum.	
Other: There are other local government agencies such as H.U.D. (Housing and Urban Development), F.H.A. (Farmers Home Administration) who provide loans to low income buyers provided the home they wish to buy meets certain requirements. Also, many major companies will provide loans to their employees, usually at a lower interest rate. Some sellers will not seel their homes to purchasers who are attempting to get a V.A. or F.H.A. loan because of the time necessary to get approval.	

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Where to Obtain Loans Shop around for a mortgage. A house is probably the most expensive purchase most people will ever make. Compare! Go to savings banks, commercial banks, insurance companies and savings and loan associations. Compare the following: 1. the amount you can borrow. 2. the rate of interest. 3. the number of years the mortgage will run. 4. Special service charges for granting the mortgage. 5. Features of the mortgage such as pre-payment, privileges, and penalties.	Plan a field trip to some type of lending institution. Try to simulate a loan situation.
Commitment by the Lending Institution Some people, before they buy or build a house will shop around at various banks, etc., and obtain a verbal commitment. This means that based on the facts that the lending agency has, it will give preliminary approval to an applicant for a loan. The bank will give final approval after certain requirements have been fulfilled. There are basically four factors a lender looks for before making a final and written commitment.	

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1. Value of property in relation to sales price and amount of loan. 2. Income of borrower. 3. Amount of indebtedness of borrower. 4. Credit habits of borrower. Interestingly, three of the four conditions pertain to the borrower and not the property. It is important to impress upon the students the necessity on their part to form good attitudes regarding work and payment of bills. "Job Hoppers" have a difficult time obtaining loans regardless of their incomes. Note: The figures and conditions of mortgage loans may change in accordance with the prevailing economic conditions.	Why is a bank careful about lending money? Who approves the loan?
House Hunting and the Broker Since there are so many factors to consider in buying a home, a purchaser should try to develop an approach to simplify the task. This approach will be determined by needs at the moment. It's not unusual for a purchaser initially to begin looking for one type of home, and within a short period of time, completely alter his/her parameters of desirability. As an example, a couple may begin looking for a small house in a suburban community only to decide that it would be	Develop with the students a list of their own priorities in buying a house. Discuss their reasoning for these choices.

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better for them to purchase property and build their own home in the country.

It is vital to take the time and make a list of the things you consider to be necessities in a house.

1. Housekeeping: Laundry room necessary? Large kitchen? Dining room? Family room? Size of yard?

2. Entertainment: Do you need a basement for ping pong, etc.? Fireplace? Patio? Workshop?

3. Bedrooms and Bathrooms: How many will you need? Guest room? Home office? Sewing room?

4. Garage and Storage: Do you need a two-car garage? Places for garden equipment, a boat, bikes, etc.?

There are many alternative paths from which to choose when house hunting. There are some people who prefer to ride around an area of their choice and look for signs on lawns and houses, indicating "For Sale". Others will search the classified ads of newspapers, while some will be content to depend on recommendations from friends and relatives. These methods may

Ask the students to bring in classified ads from local newspapers. What homes seem appealing? Why?

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prove successful, bit if not, the services of a real estate broker may be employed.	
The broker is the professional in buying and selling homes and property. He is the one who advises the buyer as to how much he can afford to spend. In most cases, the broker knows how to finance a house and where to find a lender. A broker can provide information on taxes, assessments, zoning, building requirements, water, and innumerable other details. Often the broker will know the closest school, locations of nearby shopping centers, mass transportation conveniences, availability of sanitary services, etc. When people buy a house they also buy part of the community. It is up to the broker and the salesman to answer specific questions raised by the potential purchaser.	Invite a local Real Estate broker to speak to the class. Prepare an agenda on topics of the student's choice. As a follow up, plan a field trip to one of the larger local realtors. Arrange with the broker to simulate a buying situation with the class and then inspect some homes. What are the requirements to become a broker and salesman?
A real estate broker or salesman's main job is to introduce a willing buyer and seller. This service is rendered to both parties; however, only the seller is charged for this service. A commission is a percent of the sales price, and is paid to the broker by the seller. Example:	

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if a home sold for $40,000 and the commission was 6 percent, the broker, upon completion of the sale, would receive $2400.	
Brokers compile many descriptions of homes for various areas. Some brokers sell only in a particular city, while others expand to counties and states. The broker's information comes from a listing. The listing is an agreement the broker has with the seller as to price, commission, description and term. There are three basic types of listings commonly used in the state of New Jersey:	What are the advantages and disadvantages of working on a commission basis? Whom does the broker represent, the buyer or seller?
1. Exclusive Listing: Only the broker specified in the agreement can sell the house. Usually this broker will consistently advertise the home. This type of agreement is often used when a seller is not in a hurry and wishes to deal with one office.	(T-11) What observations can be made from the transparency?
2. Multiple Listing: A broker shares his agreement with as many brokers in the multiple listing group. In some areas this may include from 5 to 100 brokers, thereby giving massive coverage to the home for sale. Instead of just one broker and his salesmen knowing and his salesman knowing about a home, it might be a hundred brokers with five hundred salesmen.	Compile various listing agreements from local realtors. Do they diffe Why? Should we read the fine print?

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If one is desirous of selling a home quickly, it is most advantageous to deal with brokers who belong to a multiple listing service.

There are a few brokers who only deal with exclusive listings, although the majority belong to some type of multiple listing service. This service provides a buyer with a much wider selection of homes for no additional cost. Some brokers have very sophisticated computer services to aid buyers who plan to move to distant areas. A buyer tells a broker a general area in California, describes the house he would like, recreational facilities, price, etc. and sits back and waits for the print out to direct him to the nearest broker who will serve him.

3. Open Listing: This type of listing provides that both the seller and the broker may sell the house. Should the owner find a buyer, the broker is not entitled to any commission. A seller may give open listings to many brokers with the hope that they will sell it themselves, and not have to pay a commission, or if not successful on their own, one of the many brokers will sell it for them. Brokers are usually hesitant to advertise these types of listings because there is no guaranteed commission.

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Do a short report on a "contract" -- define, parts, etc. Discuss in class.

Possibly the Business Law or Business Education instructor would give a class on contracts.

Compile various listing agreements from local realtors. Do they differ? Why? Should we read the fine print?

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Despite new technological breakthroughs most brokers still rely on basic salesmanship. A professional broker will assess the needs of the prospective buyer and his ability to finance the purchase, before showing any houses. When a buyer finally selects a home, the broker provides numerous services to consumate the sale.	Plan to invite an attorney to class to speak on the basic legal aspects of Real Estate.
It is possible to buy a home without the services of a broker. Some sellers will say "I'm not paying a commission, therefore the price is lower," in order to attract prospective buyers. Purchasing a home this way can be very risky and certainly the buyer should consult his attorney on all negotiations before making a commitment. No agreement, contract, etc. should be signed until the purchaser has his lawyer's approval.	What might happen if one did not employ a lawyer?
Note: Real Estate brokers and salesmen should recommend that a buyer retain a lawyer to affect the sale.	Ask students to ask their parents if it is wise to retain a lawyer when purchasing a house. Why did or did not their parents retain a lawyer? Discuss.
In not contracting a broker, a buyer restricts his potential availabilities market. It's not unusual for a small real estate broker to spend over $1,000 per month on advertising. These ads placed by brokers supply valuable data to prospective buyers, by giving some relative indication of property values in certain areas.	

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Should a purchaser be fortunate enough to locate a desirable house without the help of a broker, he will find that most banks will offer assistance in consumating the purchase. Again, it's wise to consult a lawyer before proceeding with an agreement. Monies allocated for the deposit should never be given directly to the seller. These monies should be held in an escrow account.	
Location Once a desirable price range is established, it is then time to look at available homes. Each buyer must define what constitutes an appealing neighborhood -- the houses and the people in the area will affect not only the buyer's enjoyment of his/her home, but also its potential resale value. It is advisable to drive through a community, talk to the people, ring a few doorbells and ask questions. Visit the local merchants, gas stations, churches, schools, etc. How do the people who live there feel about their community? Ask them.	(T-12) Invite the mayor or one of the councilmen to visit the class. Have the students outline the agenda. Why is the appearance of a house important? Use transparency to discuss with the students vital points to ponder.
The following are important points to consider: 1. Appearance: Are the surrounding homes in good condition or are they deteriorating?	

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2. Taxes: In a newly constructed housing development make yourself aware of the school situation. Are they crowded? Have sewers been put in? Any new community projects planned such as a new town hall, new roads? A shortage of these items may mean increased local taxes.

Who pays more in property taxes -- private residences or commercial enterprises.

3. Zoning: Commercial or industrial zoning may depress property values. Check the local master plan to see if any changes are on the horizon. Also, highway relocations, condemnations, new apartments, etc.

How can an area be rezoned?

4. Schools: A modern, well-equipped school system with a good academic rating will be beneficial for your family's educational needs, but also it enhances the value of the surrounding property.

Have students make a list of places they would like to live? Can they explain their choices?

5. Convenience: With the advent of the fuel shortage one should consider accessibility to work, shopping, recreation, public transportation, houses of worship, and schools. Although close proximity is generally desirable, one should consider that this convenience may present parking problems, and have a high noise level.

6. Police and Fire Protection: What type of protection is offered? Does the area have a reputation for high incidences of crime and vandalism?

Some students might like to tape an interview with a local police officer and a fireman. Their topic might be

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"How does your job help real estate values?" The students should prepare a list of questions and show them to the speaker prior to the taping.

7. Water: What is the source of the water supply? If provided by the community there will be a fee. A well is an asset, but may prove problematic where there is little water. The costs to dig or replace a well may easily exceed $1500. If a community decides to provide water for its residents, each property owner will share in the expense.

If possible, try to select some students to attend a planning board meeting. Others might like to attend a town meeting. The town clerk might be able to provide an agenda prior to students' trip which would be helpful. Encourage the students to take some notes on what business was related to real estate.

8. Sewage: A community sewage system is the better choice, rather than septic tanks or cesspools. Close inspection should be given to a house with a well and septic system which is on a small lot (50 x 100).

9. Recreation: Are facilities for your favorite sports and pastimes available? Tennis courts, golf, movies, theatre, etc.

10. Neighbors: It is important that a buyer locate in an area where he will find the neighbors to be compatible. Couples with children usually want companions for the children in the neighborhood. Conversely,

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childless couples may find a heavily child populated neighborhood undesirable.

11. Space: How much do you want? Will a small lot offer the privacy you want? An acre or more of land demands more time and expense in terms of the maintenance of the grass and landscaping. Do you like to do things outside of the house? Are there shade trees? Room for a pool? Play ball? Have a house? etc.

Using a large map of the town, have the students indicate the various recreational areas in their community. They could also show the zoning, businesses, churches, industries, etc.

OLD VS. NEW -- FINDING YOUR HOUSE

A New Home

Usually a new home is easier to finance; however, most couples starting out do not have the 5 to 20 percent downpayment. Some lenders will extend the term of the mortgage to 30 years or more.

Visit the town hall and find out how many homes there are in the town.

How many have been built within the last 5 years? 3 years? 1 year? What observations can we make?

Buying a new home can provide an emotional lift for a family. Choosing color schemes and types of interior decorations can be an enjoyable experience for the entire family. If the new home is located in a development, you know what other types of homes will be in the area and this offers some insurance.

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There are hidden costs in a new home such as: screens, storm windows, landscaping, and maintenance equipment. Most new homes have a warranty against major defects for one year. Should heating or plumbing need repair, the builder will make the necessary repairs. There is now a movement in New Jersey to have new homes guaranteed for ten years against defects and poor workmanship.	Invite a local builder to class to discuss his building plans and career development.
Some builders offer additional options as gimmicks. A buyer is encouraged to purchase a basic house and then "haggle" with the builder to include at no additional cost some desired extras. Of utmost consideration should be the reputation of the builder. Lending institutions will have appraisers check to see that there are no major building defects before occupancy. A check with the local Better Business Bureau and people who have bought homes from the builder will provide an insight as to his/her credibility and competency.	Try to arrange to visit a building site. Extreme care should be used in taking students to building sites.
Although a new home usually offers maintenance free living and modern conveniences, it usually is out of the established price range for most young	Keep the group small, get the proper approval and keep close supervision.

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couples. There are very few areas in New Jersey that have new homes for sale under $40,000.

The Older Home

One of the many advantages of an older home is the charm which they have. Many have better construction, larger rooms, bigger windows, higher ceilings, landscaping, storms and screens, and other features that take years for a new home owner to acquire. If the community is established, there is less likelihood that taxes will increase suddenly.

Have the students check with local contractors on a basic home repair cost. Compare the prices. Why?

Banks often will require a larger down payment for an older home with a shorter-term mortgage. Ideally, one should buy a resale house between 3 and 10 years old. Most of the landscaping, etc., has been completed, but the home is still without the need of major repairs.

GENERAL TIPS ON BUYING A USED HOME

1. Avoid the unusual home unless you are in a financial situation which can withstand higher maintenance costs (the eight-sided windowless house can be expensive to repair and they are hard to resell).

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2. Seek advice. Termites can eat into your wallet as well as into the wood. A damp basement may turn into a lake during the monsoon season. If you don't know what to look for, find someone who does.

3. Check Prices. Compare prices in a neighborhood with similarly build homes.

4. Check the house after a rain. Look inside the roof and basement for water marks. If you can pick a beam apart with your fingernail, watchout.

5. Check the amount of expense to be incurred in making desired repairs; this is a good bargaining tool when settling on a purchase price with the seller.

6. A young couple should go back and visit the house independently. Without their spouse, they may see the house differently than when they are together. Also if the seller and the real estate broker will cooperate they should attempt to see the house at their leisure; perhaps at an odd hour to see how things really are.

7. Don't Rush. Shop around for value. Be sure the home is in an area where housing is appreciating not depreciating.

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(T-13)
How do emotions affect us when we buy?

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8. Watch out for emotions. The bubbling stream, the burning fireplace, and the 360° view are nice but tend to distract us from other less desirable realities.

STYLE OF HOUSE

When looking at houses, some students will find that they will be influenced by style. Style is that certain personality, look, or identity which has gained favor over a period of time. Just as cars seem to accent a persons personality, homes do the same. People have certain lifestyles in clothes, friends, travel, speech, etc., which have an affect on the style of home they prefer. There are many styles of homes to be found in the Jersey area, such as Early American, Colonial, Cape Cod, Saltbox, Tudor, and comtemporaries.

Have the students prepare a bulletin board showing the various styles of homes.

Plan a field trip to an architectural office.

Basically there are three styles that can be found anywhere in our area and might be purchased by young people.

1. Ranch: One story, all rooms on one level with or without basement.

2. Colonial: Two story, bedrooms on second floor, with or without basement.

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3. Bi-Level: Two levels with basic rooms on the upper level, no basement.

There are many variations of these homes, such as, the cape cod which has stairs leading to upper level with possible bedrooms. The split level may have three or more levels and is built primarily where the land slopes. The raised ranch has a vull flight of stairs to the upper living area, but the lower level is above ground similar to the bi-level. The basic difference between the bi-level and the raised ranch is the entrance. When entering a bi-level you can go down or up ½ flight of stairs, whereas in the raised ranch, you must go up a full flight of stairs (approximately 12 steps).

Architects and builders using those basic plans, will change the exterior appearance by cleverly using various building materials.

THE EXTERIOR

Some say that people often buy a house just by the pleasant surroundings outside. Certainly there is some truth to this. We are moved by initial impressions. When looking at a house, look for a well-managed landscape and good drainage. Trees, bushes, flowers, etc. are

Some students might like to conduct a survey as to the various types of homes in the community.

Why do builders build the styles they do?

(T-14 -- T-20)
Use the checklist for evaluating and comparing homes.

NOTE: the point system is used only for comparison between one house and another. Some homes may have a high score with many minor defects which could easily be remedied, however, a low score with a number of 4's may be an exorbitant expense to repair.

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are a definite plus. The ground should be sloping away from the house so as not to allow water into the basement. Sandy soil absorbs water quickly while clay will harden and create puddles. If possible, make an attempt to inspect your dream house after a hard rain. Where did the water go?

There should be ample outside lighting and electrical receptacles. It's good to inquire about telephone service and provisions for cable T.V.

Visual inspection can be made very easily of the exterior siding, chimney, roof, gutters, foundation, windows, doors, storms, screens, painting, etc. In an older home most of these defects can be remedied fairly easily. When inspecting a home a buyer should list the necessary repairs and get estimates of their cost.

Arrange with a Real Estate Broker to visit at least three similar homes in different areas. Using the Transparency as a guide, evaluate and discuss.

THE INTERIOR

Ideally a house should have a pleasant floor plan which makes it possible to go from one room to another without going through the center of another room. A central hallway is ideal but rarely found in less expensive houses. If possible one should

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look for: rooms that are well lighted, a separate living room and dining room, a family room, recreation room, den, etc. If possible, look for a two bedroom house that has some area that might be converted into a third room -- bedroom, porch, etc. Easy access to garage, carport, etc. and service area are very advantageous, especially in bad weather.	(T-21) Have students draw a floor plan of their home. The room sizes should be included.
Stairs are easier to climb, safer and better looking when there is a landing. Straight runs of stairs are potentially dangerous.	
Most newer homes today offer ample closet space; however, old homes often lack closets in bedrooms. Each adult should have about eight feet of closet space, with children needing less. Basement, garage, storage areas, attics, are a valuable asset.	Using their floor plans have the students compute the number of square feet in the house.
Basements should be checked very carefully. Wet basements can be very expensive to repair and in some cases will never be dry, due to the water table of the area. If the basement seems musty, check closely for water signs such as mildew, water lines on walls, and the presence of a sump pump or dry well.	Is there a regulation on the number of square feet a house must have?

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The heating system, if serviced properly, should appear clean and free of oil, water, etc. Ask the owner to show you his heating bills which will indicate the costs and maintenance performed. Each room should be checked to see that it has an outlet for heat. Most heating systems in homes are gas, oil, or electric. It is rare to find a house heated with coal today. At this writing, major electric companies have promised increased rates, which will make all electrically heated homes very expensive to maintain despite the fact that they usually have double insulation. Insulation will greatly reduce the heating costs and should be visually checked in the attic of older homes.	Select a student to find out the percentage of increase in the electric rate in the past two years, 1 year, three months.
	What affect does this have on building?
The water and sewer pipes should be copper. Some newer homes are using plastic. A water softener is an asset because it will also reduce the amount of deposit buildup in the pipes.	
The supply of water pressure, and temperature can be checked by turning on all of the taps and flushing the toilets. A decrease in pressure and slow water recovery may mean problems. Should the house have a septic tank	If possible try to have someone from the community or county health office talk to the students about "Ecology and Home Building."

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system, the area around the tank should be checked for seepage and odors. While checking the insulation in the attic, a buyer should also look for signs of water. Discoloration on the beams should be checked. Any stains on the walls or ceilings is a sure sign of a water leak. Walls in newer homes are usually sheetrock, (easier to repair) while older homes used plaster. Try to ascertain whether the crack was caused by accident or by settlement of the foundation. Settlement in new homes is natural and hairline cracks should not alarm a potential buyer. When checking floors, one should look for oak flooring. Many new homes will offer wall-to-wall carpeting with no finished flooring underneath. Unless the carpeting is fo good quality, it probably won't last more than four or five years, and will be difficult to clean. Older homes may have oak floors which have darkened over the years but can easily and inexpensively be restored to their original condition. New carpeting in older homes, particularly in the kitchen and bathroom, may be a clue to water leaks which over the years have ruined the floors.	Check with one of the local banks for the name of a house appraiser. Invite him to speak on "How a house is inspected." The Home Economics teacher would enjoy the opportunity to talk about decorations and kitchen appliances. Ask her/him.

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The kitchen should be reasonably modern to provide a pleasant and efficient place to work. There should be an ample supply of cabinets for storage and counter space. Space should be available for a table and all of the necessary appliances.

Finally what extras can we find in a house? Sanitex wallpaper, air conditioning or central exhaust fan, screened porch, thermopane windows, dishwasher, panelling, water softener, redwood deck, built-in bookcases, washer and dryer, formica cabinets, daylight ceilings, etc. are but a few of the many items which often are passed on from seller to buyer. The student as a future homeowner, will find it valuable to develop product knowledge and an eye for quality.

Remodeling an older home should be given very serious consideration. Labor costs plus the high costs of materials may exceed the average budget. Redoing a kitchen may easily go over $5,000. Adding an average size room may cost $10,000. Most union workers earn in excess of $8.00 per hour. When one adds the cost of materials and the contractors profit, it is easy to see that a minor job will cost in excess of

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$150 per day. Unless the buyer can do much of the work himself/herself, s/he should avoid homes needing extensive renovation.

THE BIG DECISION

Once a buyer has found a house s/he wishes to buy s/he should ascertain the market value and make a legitimate offer. If there are numerous houses for sale and few buyers, it is a buyer's market. When there is little for sale and great demand, it is a seller's market. Depending on the market, a buyer may make an offer from 10 to 25 percent less than the asking price. When a house has been on the market for a long period and had a few offers, the owner may be ready to accept an offer he would have rejected a few months previously. The real estate salesman can be very helpful at this time, because he may know the personality of the seller and his real reason for selling.

(T-22)
What's the difference between asking price and selling price?

How can a buyer be sure he is not paying too much?

In order to complete the sale the owner must accept the offer and then both parties must sign a contract for the sale. The contract may be written by the salesman who forwards it to the buyer. The buyer may then give it to his/her attorney for additions and deletions. When the buyer is satisified with the conditions or

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contingencies in the contract, s/he signs it. It is important to understand that for the contract to be effective, both parties must be satisfied and there be a "meeting of the minds." All changes in the contract must be approved by both parties and initialed before the contract is binding.	Once the class understands the word contingent have them inquire as to some of the various contingencies people include in a contract.
When the offer is made, the buyer will be asked to show "good faith" and put down a small deposit as a binder. Acceptance by the seller will prompt the broker to seek earnest money, often 10 percent of the selling price to be held in the broker's escrow account.	What is the most unusual? Should a buyer put down a large deposit?
Should the contingencies in the contract not be satisified, such as the buyer not getting a mortgage (loan), all monies are returned to the buyer.	(T-23) Suppose all contingencies are met and the buyer changes his/her mind. What happens to the deposit?
The buyer should certainly retain a lawyer and inquire about closing cost fees. The purchaser incurs the expense for surveys, credit applications, appraisers, moving expenses, etc. These costs may go over $1,500 which is usually paid prior to possession.	How does an attorney calculate his/her fees?

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PROBLEMS OF OWNERSHIP

Ownership of a home is not without problems, the most serious of which are foreclosures, and eminent domain.

Foreclosure on a home is similar to repossession of an automobile. The owner fails to make payments whereupon the lender takes legal steps through court action to evict the owner and resell the property. Usually the lender will do everything possible to aid the owner in maintaining possession. Banks are in the money business not real estate; therefore, they dislike foreclosures. When an owner realizes he cannot make a mortgage payment s/he should contact the bank immediately to seek help in resolving the problem. Failure to contact the bank immediately can cause dire consequences. Most areas have a legal aid service which will offer free legal advice.

Check with the local lending institutions to find out approximately how many foreclosures they have. Is the percentage large or small? Increasing or decreasing? What observation can be made about our economy?

A buyer should check on whether there are any plans by any government agency to build parks, roads, or any project in the desired area. Under the rule of eminent domain, the government has the right to take millions of acres and force millions of homeowners and businessmen/women to relocate. Beside the inconvenience and anguish, governmental agencies are noted for being less than generous in their appraisal of people's

Most companies have a public defender or a legal aide attorney. Request him/her to speak to the class "on problems of home ownership."

Should "Eminent Domain" be eliminated?

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property. If you should find yourself in this situation, it is best to attend the public hearings, unite your neighbors, alert the media, and contact your Governor, Congressman, Etc. Regardless of what the government offers, the homeowner should never sign anything without the advice of an attorney.

CONDOMINIUM

An alternative to renting or buying is the condominium. There are various types of arrangements but generally the tenant buys the apartment and shares the cost of maintenance with his/her fellow tenants. Often this is an interim step between an apartment and a house.

If possible, arrange with the students to take a field trip to a local condominium in your area.

The condominium is a very popular alternative. In just a few short years, the concept has been accepted by young and old from coast to coast. Buying the condominium is a major commitment which is appealing to singles, mingles, and marrieds in record numbers. At present over 20 percent of all housing units being built, are condominiums. Within 20 years authorities estimate that half of our population will live in condominium type housing situations. Certainly the recreational facilities such as pools, tennis courts, community centers, etc. have been a strong attraction.

As a follow-up project have a few of the students make a report and take an opinion survey on condominiums.

Content	Activities
Costs of the condominiums range from the low $20,000s to over $80,000. Size will vary from a small basic apartment, to individual units, to town houses. Many are suitable for average size families. Condominiums are being built in cities, suburbs, and rural areas throughout the state.	What type of zoning is necessary for condominiums? Have the class write to various condominium complexes for their descriptive brochures. Compare.
As an owner, the tenant receives a tax advantage, the same as a homeowner plus s/he builds equity over a period of years, assuming the building or complex is maintained. Voting rights give the owner control over standards of maintenance. Leases do not become a bother. The owner has permanent occupancy.	
Condominiums, as attractive as they are at the moment, are not without problems. Many buyers discover after they buy, that they do not in fact own the recreational and service areas but are leasing them, usually from the builder at increasing rates.	
Since there is total ownership, the tenant must pay increasing taxes, utilities, etc. The popular selling pitch to buyers is that owning a home requires considerable maintenance and an apartment offers little security. The	Try to obtain a copy of a contract someone would have to sign when buying a condominium. Is it easily understood?

Content | Activities

condominium complex is run by the owners themselves, who form associations. This, it seems, is one of the biggest problems which is usually overlooked by the buyers. The condominium complex becomes a little community which is very dependent upon each owner. While the complex is being developed the builder will maintain a certain responsibility; however, upon completion he steps aside and defers responsibility to the association. Some condominiums have managers who are paid by the tenants. The huge salaries of these managers often have built-in yearly raises, which are being paid for by the apartment owners. There is a contradiction between carefree style of living, which is the popular myth, and the essential democratic, responsible nature of the owner.

The Federal Trade Commission is investigating the development and management of condominiums in an attempt to uncover "unfair or deceptive practices." Without any federal or state laws, a buyer must be on guard:

Do not accept promises of a pool, tennis courts, etc. Make sure they are available before you buy.

Do be sure the common area charge budget is realistic and the builder is not minimizing your carry charges and thereby saddling you with the

Content	Activities
risk of future extra expense. Carefully investigate the management to make sure it is experienced and reputable. Do be certain you understand all the condominium association rules and protect yourself by retaining legal counsel. Use the same criterion for buying a house. Note: There are some poorly constructed condominiums which have built-in obsolescence. The owners may have to make expensive repairs as the complex ages.	

SUGGESTED GUEST SPEAKERS

Attorney

Business Teacher

Real Estate Broker or Salesman

Banker

Builder

Landlord

Carpenter - Mason - Electrician

Housing Authority Representative

Mobile Home Distribution

Architect

Condominium Salesman

Appraiser

Ecologist

Urban Planner

Sociologist

SUGGESTED FIELD TRIPS

Apartment Complex

Condominium

Mobile Park

Housing Development

Municipal Building

Housing Authority

Legal Aid Services

Model Home

Modular Builder

Real Estate Broker

Banking Institution

Architect

Utilities-Electric, Gas, etc.

Surveyor or Engineer

Attorney

TEACHER SURVEY

In order to evaluate our program, we would appreciate your opinions and suggestions.

YES NO COMMENT

___ ___ 1. Did the students feel the program was beneficial? _____

_____

___ ___ 2. Do you feel that the objectives of the program were met?__

_____

___ ___ 3. Did the content and activities provide enough substance?__

_____

___ ___ 4. Did the class have more than five guest speakers?_____

_____

___ ___ 5. Were the students taken on more than five field trips?____

_____

___ ___ 6. Did the students keep notebooks?_____

_____

___ ___ 7. Were the students tested?_____

___ ___ 8. Would you teach this program again?_____

_____

9. Please indicate the areas you felt were the <u>weakest</u> and <u>strongest</u>. _____ _____

_____

10. Please indicate your suggestions._____

_____

Thank you.

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APPENDIX * TRANSPARENCIES

TRANSPARENCY #1

Income (monthly)

Your take-home pay	$_____	
Spouse's take-home pay (if steadily employed)	$_____	
Total income		$_____

Living Expenses (monthly)

Food	$_____
Clothing	$_____
Insurance premiums (theft, liability, life, accident, hospital, etc.)	$_____
Education	$_____
Medical and dental	$_____
Automobile (operation, license, repairs)	$_____
Recreation and entertainment	$_____
Emergencies	$_____
Miscellaneous (dues, contributions, etc.)	$_____
Total	$_____

Fixed Obligations

Installment payments (automobile, appliances, furniture, etc.)	$_____
Other debt payments (personal loans, etc.)	$_____
State income taxes	$_____
Retirement fund	$_____
Miscellaneous (support of parent, etc.)	$_____
Total	$_____

Housing Expenses (monthly)

Estimated payment on mortgage loan	$_____
Principal	$_____
Interest	$_____
Mortgage insurance premium (if FHA)	$_____
Hazard insurance premium	$_____
Taxes and any special assessments	$_____
Commuting (R.R. or second car)	$_____
Estimate for maintenance and repairs	$_____
Estimate for utilities:	
Light	$_____
Heat	$_____
Water	$_____
Air conditioning	$_____
Total	$_____

Total Expenses and Obligations $_____

TRANSPARENCY #2

This is what we're doing:

List monthly take-home pay; all your income minus income taxes, Social Security, and other fixed payroll deductions.

Add up all present living expenses and fixed obligations. Leave out rent, utilities, telephone, and any other expenses that we'll have to include in our estimate for the new home. Keep at least something for savings and emergencies; don't scrape the bottom of the money barrel because that's how most people get into financial jams.

TRANSPARENCY #3

CITY HOUSING CODE

1. The foundations shall be free of holes, cracks, and shall be water-tight and rodent proof.
2. The exterior walls shall be free of holes, cracks, and shall be water-tight, and rodent proof.
3. Water shall not accumulate on the basement floor.
4. All basement drains shall be covered with a grating.
5. There shall be no odors of sewage indicating poor ventilation or a poor connection in the pipes.
6. There shall be adequate natural light and ventilation.
7. There shall be adequate electrical power: lights should not flicker, and there should be no excessive fuse blowing.
8. There shall be enough electrical outlets so that extension cords are not necessary.
9. There shall be no exposed wiring.
10. Every stairway and porch shall be free of cracks, holes, and loose boards.
11. Every rail shall be at least 30 inches high, fastened securely, and kept in good condition.
12. All exit areas shall be well lit by electricity or natural light.
13. There shall be no obstructions in the hallways or exits.
14. The roof shall not leak.
15. Every floor shall be smooth, free of holes and cracks, and easily cleanable.
16. Every wall shall be smooth, free of loose plaster and wallpaper, and easily-cleanable.
17. Every ceiling shall be smooth, free of loose plaster and wallpaper, shall not be sagging or cracked, and be easily cleanable.
18. Every window shall have glass, work well, and keep out wind, rain, and rodents.
19. Every door and window shall have a tight-fitting screen.

TRANSPARENCY #3 (continued)

20. Every door shall operate and fit well, with no cracks or openings.

21. There shall be adequate heat (68 degrees between 8:30 a.m. and 10:30 p.m. from September 15 to June 1).

22. Every family unit shall have a private bathroom with a flush toilet, sink, and bathtub or shower provided with hot water. (Two families may share a bathroom if they are on the same floor and have no more than two rooms per unit. The bathroom shall be accessible without going through habitable rooms).

23. The bathroom floor shall be waterproof and easy to maintain in a sanitary condition.

24. Every family unit shall have a kitchen sink, with hot water, in good working order.

25. Gas stoves shall be properly vented and connected.

26. There shall be no rodents or insects.

27. There shall be no rubbish accumulation.

28. In all mult-unit dwellings, the owner shall provide garbage cans with tight-fitting lids and keep them in good condition.

29. In buildings with more than five living units, the owner shall provide for garbage removal at least one time per week. He shall provide one can for every ten people and not fewer than one can for every floor.

30. In buildings with curb collection of garbage, the owner shall not place the cans on the curb earlier than the evening before collection day, and he shall remove them no later than the evening of collection day.

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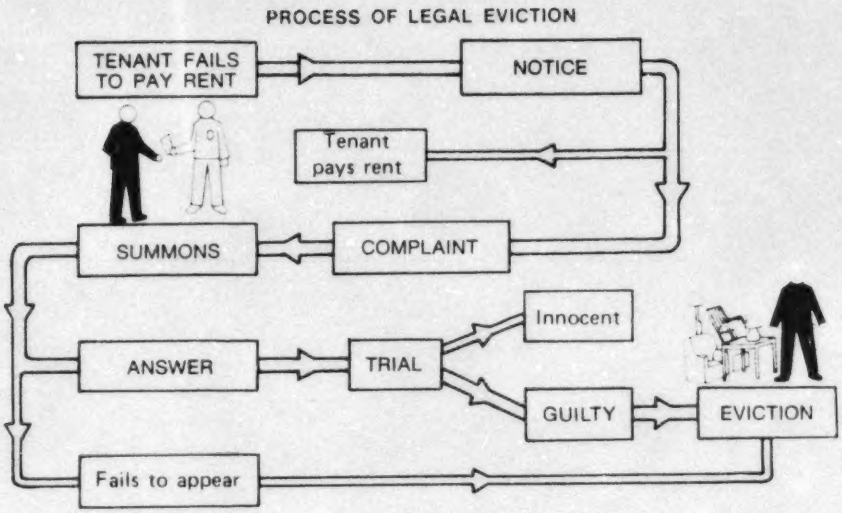
TRANSPARENCY #5

BEFORE SIGNING A LEASE CONSIDER

1. Time
2. Rent
3. Utilities
4. Repairs
5. Insurance
6. Restrictions
7. Inspections
8. Lease changes
9. Security deposit
10. Sub-lease

TRANSPARENCY #6



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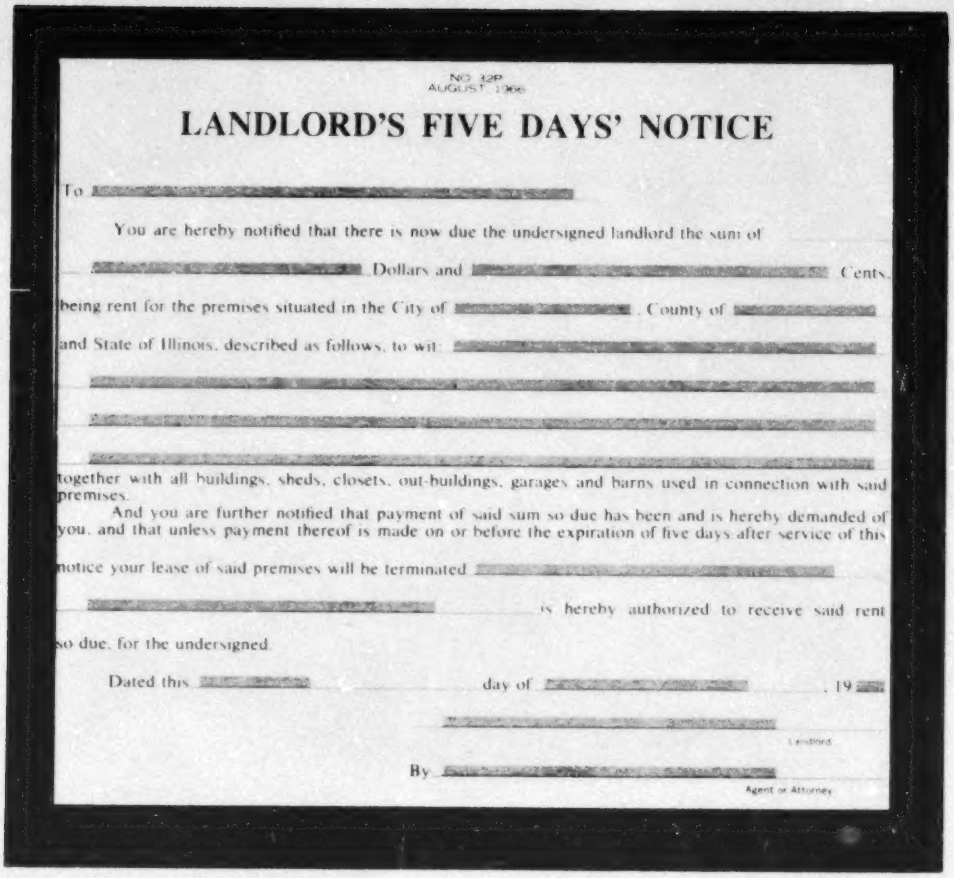


NO. 32P
AUGUST, 1966

LANDLORD'S FIVE DAYS' NOTICE

To [redacted]

You are hereby notified that there is now due the undersigned landlord the sum of [redacted] Dollars and [redacted] Cents, being rent for the premises situated in the City of [redacted], County of [redacted] and State of Illinois, described as follows, to wit: [redacted]

together with all buildings, sheds, closets, out-buildings, garages and barns used in connection with said premises.

And you are further notified that payment of said sum so due has been and is hereby demanded of you, and that unless payment thereof is made on or before the expiration of five days after service of this notice your lease of said premises will be terminated [redacted]

[redacted] is hereby authorized to receive said rent so due, for the undersigned.

Dated this [redacted] day of [redacted], 19[redacted]

[redacted]
Landlord

By [redacted]
Agent or Attorney

TRANSPARENCY #8

TENANT'S BILL OF RIGHTS FOR NEW JERSEY

1. Tenants could be evicted only for "reasonable grounds," such as non-payment of rent, destruction of property due to "gross negligence" or disobeying "valid" rules and regulations.

2. Landlords who live on the premises and rent one or two units would be exempt from this provision, since lack of compatibility, in such cases, can be significant grounds for eviction.

3. Rules of the apartments must be drawn up in writing and either delivered personally to the tenant or included in the lease.

4. Tenants to be evicted must be presented with written reasons, or the reasons may be left with any member of the tenants family over 14 years of age. It cannot be tacked upon the door or merely left in a mailbox.

5. Tenants may not be evicted -- either from an apartment or a mobile home park -- for disorderly conduct for the first time they disturb the peace. They must be given written notice not to repeat their actions and are not subject to removal until the next time the incident occurs.

6. Landlords must renew leases to tenants or mobile park residents unless the tenant has violated on the eviction provisions.

7. Landlords may not refuse to rent to people just because they are on welfare or some other public assistance program.

8. No mobile park owner may charge an entrance fee to mobile home owners, although installation fees -- for hooking up the trailer to sanitation facilities, for example -- may be collected.

9. A mobile home park owner cannot "unreasonably" withhold his approval of the sale of a mobile home within his park without being liable for damage, or court costs and attorneys fees.

TRANSPARENCY #9

CHECKLIST ON FINANCING

Price . . . . . _____

Estimated Value . . . . . _____

Amount of Mortgage. . . . . _____

Interest Rate . . . . . _____

Term of Mortgage. . . . . _____

Prepayment Privilege. . . . . _____

Down Payment . . . . . _____

Closing Charges:

- Title Search and Clearance . . . . . _____
- Legal Fees . . . . . _____
- Other Charges. . . . . _____

TOTAL INITIAL COST. . . . . _____

Monthly Payment on Mortgage . . . . . _____

Monthly Payment on Taxes and Assessments. . . . . _____

Monthly Payments on Insurance . . . . . _____

TOTAL MONTHLY PAYMENT. . . . . _____

Upkeep on Repairs. . . . . _____

Probable Cost of Fuel . . . . . _____

Probable Cost of Utilities. . . . . _____

Taxes . . . . . _____

TOTAL MONTHLY COST. . . . . _____

TRANSPARENCY #10

MONTHLY PAYMENT BASED ON 25-YEAR LOAN

Amount	Interest				
	6%	6.6%	7%	7.5%	8%
$15,000	96.55	102.30	106.10	110.90	115.80
20,000	128.27	136.30	141.40	147.80	154.44
25,000	161.10	170.40	176.70	184.80	193.00
30,000	193.30	204.50	212.10	221.70	231.60
35,000	225.60	238.60	247.40	258.70	270.20
40,000	257.80	272.60	282.80	295.60	308.88
45,000	290.00	306.70	318.10	332.60	347.40
50,000	322.22	340.80	353.40	369.50	386.00
55,000	354.40	374.90	388.88	406.50	424.50
60,000	386.60	408.90	424.10	443.40	463.11
65,000	418.88	443.00	459.50	480.40	501.70
70,000	451.11	477.10	494.80	517.30	540.30
75,000	483.33	511.20	530.10	554.30	578.90

OPEN NON-EXCLUSIVE LISTING

220 Spring Street, Newton, N. J. 07860 Tel. No.: (201) 383-6620

PRICE: $69,000	LOCATION: Fern Twp.				TWSP.			LOT # 7 Block # 209	
SIZE OF PROPERTY: 2 acres . . . . 200 x 400								ZONING: residen	
Archit. Col.	Color Blue	Age 2	Exterior Shakes		Roof Asp.	Outbuildings Small Barn			
1st: Fl.	L R large	F.P. Yes	Dining Yes	Kitchen Eat-in	Bedrooms		Bath ½	Tile Yes	Other Family 20x14
2nd: Fl.	Bedrooms 4			Baths 2	Tile Yes	Other Rooms			Attic
Bsmnt: Full	Foundation Block	Utility Yes	Rec. Rm. Yes	Other	Heat Oil Hot W.	Tank 550			Cost $600
Sewer Syst. Septic	Plumbing Copper	Water Well	Insulation Complete	Garage 2	Location Attached	Drive Stone	Storms Yes		
TAXES: $1500	Tax Rate: 3.6	Year: 74	ASSESSMENT: Land 18,000 Bldg. 34,000 Total 1						
Possession: Closing	Key: Yes	Sign: Yes	Expiration Date: July 6, 197						
Other Info: Beautiful home for large family. Many extras . . . very neat.									

OPEN NON-EXCLUSIVE LISTING

220 Spring Street, Newton, N. J. 07860 Tel. No.: (201) 383-6620

LOCATION: Fern Twp.			TWSP.			LOT # 7 Block # 209	
TY: 2 acres . . . . 200 x 400						ZONING: residential	
Age 2	Exterior Shakes	Roof Asp.	Outbuildings Small Barn				
F.P. Yes	Dining Yes	Kitchen Eat-in	Bedrooms	Bath ½	Tile Yes	Other Family 20x14	
Bedrooms 4		Baths 2	Tile Yes	Other Rooms		Attic	
ation ck	Utility Yes	Rec. Rm. Yes	Other	Heat Oil Hot W.	Tank 550	Cost $600	
Plumbing Copper	Water Well	Insulation Complete	Garage 2	Location Attached	Drive Stone	Storms/Screen Yes	
Tax Rate: 3.6	Year: 74	ASSESSMENT: Land 18,000 Bldg. 34,000 Total 152,000					
	Key: Yes	Sign: Yes	Expiration Date: July 6, 1975				
ful home for large family. Many extras . . . very neat.							

TRANSPARENCY #12

LOCATION OF A HOUSE

1. Appearance
2. Taxes
3. Zoning
4. Schools
5. Convenience
6. Police and Fire Protection
7. Water
8. Sewage
9. Recreation
10. Neighbors
11. Space

TRANSPARENCY #13

BASIC HOME REPAIR COSTS

PROBLEM	REMEDY	COST
Basement walls cracked	Must be patched inside and out	$300-600 and up, depending on size and number of cracks
Bedroom space inadequate	Raise attic dormer, build one bedroom	$3000-$6000 depending on size.
Septic System inadequate	Enlarge or replace	$500-$1000
Electric outlets insufficient	Install new ones	$20-$35 each
Exterior of wood house looks shabby	Paint	$600-$800 for one story $200-$300 extra for second story
Floors, old looking, scarred	Sand and finish	$150-$250
Heating system not operating or inefficient	Install new furnace	$1800 and up for new system
Interior paint job needed; walls, ceiling, woodwork	Hire painter	$100+ per room.
Roof leaks, missing shingles, flashing worn	Reroof, from small repairs to complete new roof	$200-$800; possibly as high as $1500
Wiring Faulty; potentially dangerous	Replace completely	$1000+

TRANSPARENCY #14

CHECKLIST FOR EVALUATING A HOUSE

Scale:

Minor defect	1 demerit
Fairly important defect	2 demerits
Serious defect	4 demerits
Disqualifying defect	4+ demerits or disqualification

THE DEFECT	DEMERITS
Inside the House	
Floor plan, size of room or enclosed area, traffic flow.	
Small house, 2 stories (stairs tend to waste space)	2
Unavoidable traffic through living areas	2
Must pass through one bedroom to reach another	2
Generally poor layout (many, many forms)	4+
Low ceilings (under 8 feet)	2
Small rooms (small for their purpose and the number of people who will use them at one time)	4
Any feeling of being cramped or closed in in enclosed areas	Disc.
Closets and storage space	
No coat closet, or inconveniently located relative to social area	2
Inadequate storage space, for each area where storage space is needed	4
Interior walls, trim and decoration	
Deep, extensive plaster cracking, if structural	Disc.
Extensive plaster cracking, nonstructural	4+
Wavy corners and surfaces, with breakage of outside corners	4
Extensive rough patching	4
Conspicuous dry-wall joints	2-4
Needs repainting or repapering (for each area)	2-4
Mildew (inspection made under pictures, rugs; behind hangings; in closets)	2-4
Rain-leakage stains	4
Badly fitting wood trim with open joints	2-4
Fireplace and chimney	
Poor fireplace draft (test with strip of newspaper or cigarette smoke)	2-4
Absence of damper	2
Absence of wood closet	2
Fireplace on short wall of room	2
Lack of chimney lining (use flasklight)	4

THE DEFECT	DEMERITS
Doors and windows	
No weatherstripping	2
General sticking, if nonstructural	4
Rotted window sills (many)	2-4
Rattling windows	2
Floors and stairs	
Conspicuous cracks in wideboard floors, but otherwise in good shape	2
Badly worn floors	4
Sagging and spongy floors	4
Firm but creaky floors	1
Stair treads under 9 in., or irsers over 8 in.	2
Triangular treads at turns	1
Absence of handrail	1
Stairs under 31 in. wide	2
Inadequate head room on stairs	2
Kitchen	
Poor arrangement (many form)	4+
Inadequate counter space (20 sq. ft. minimum)	4
Inadequate cupboard and drawer space (90 sq. ft. min.)	4
Inadequate window space	2-4
No room for breakfast table and chairs	2
No exhaust fan close to range	1
Inadequate space for newer appliances	4+
Bathrooms and lavatories	
Only one bathroom (except in a small house)	4+
Absence of effective exhaust fan in windowless bathroom	2
Light switch or electric outlet near tub or stall shower (to be taken out)	1
Leg-type tub	1
Absence of shower (circular shower rod over tub does not qualify)	1
Basin under 17 x 19 in.	1
Poorly joined floor tile	2
Absorbent wallboard	2
Permanent fixtures in poor condition	2-4
Poor layout including radiator locations	2
No special bathroom heater or infra-red heat lamp unless small steamheated bathroom)	2
Poor lighting over mirror	1
No electric outlet for shaver	2
Attic: utility and ventilation	
Reached only by stepladder or fixed vertical ladder	2
Absence of floor	2
Absence of windows or louvers (2 at least 2 sq. ft. ea.)	2
Moist insulation (In winter with house heated)	4
Inadequate head room	2

THE DEFECT	DEMERITS
Structure of House	
Attic: structural analysis	
Sloping roof with rafters less than 2 x 6	4
Sloping roof with appreciable ridge sag	4
General decay of roof framing (but, if there are special reasons and the rest of the house is sound, bids should be obtained on reframing or complete reroofing)	Dis.
Inadequate nailing (at least two nails should be visible where each rafter joins horizontal members)	4
No building paper in walls (if this can be determined)	4
No sheathing in walls (if this can be determined)	4
Heavy moisture deposit on underside of roof or on wall surfaces (in winter, with house heated)	4
Wood in contact with chimney	4
Loose mortar in chimney joints	2
Rain-leakage stains	4
Insulation	
None	4+
Attic insulated, but not walls	4
Walls insulated, but not attic	2
Wall or roof insulation without a vapor barrier	4
Basement: utility and dryness	
Unpaved or broken floor	2
No entrance except through house	2
Absence of floor drain or sump	1
Severe flooding (water marks on walls)	4+ or Dis.
Moderate flow across floor after heavy rain (if you plan to finish the basement)	2-4 Dis.
Low ceiling (precludes walking)	2
Windows below ground level	1
Basement: structural analysis	
Foundation wall thickness under 8 in.	4
Severe cracks in foundation walls	Dis.
Loose mortar in chimney joints	2
Extensive sill ortting	4+
Sills not bolted to foundation walls (in earthquake regions)	
Wood posts set in concrete	2
Absence of bridging between floor joists (except under 10 ft. span)	4
Joints in built-up girders other than at points of support	4
Absence of fire stops	2
Support added to joists or girders after house was built	2-4
Absence of subfloor	4
General decay of cellar framing	Dis.

THE DEFECT	DEMERITS
Crawl spaces	
Low (under 18 in.) unventilated, blocked with boulders or heating ducts, littered	4+
Protection against rot and termites	
Less than 6 in. of masonry between ground and wooden members	4
Wooden porch in contact with earth	2
Termite infestation	Dis.
Utilities	
Heating plant	
High fuel bills (past bills should be checked, if possible)	4+
Inadequate heating capacity	4+
Warm-air registers in floor rather than wall	2
Inadequate draft (accumulation of soot on cellar walls and ceiling and around automatic draft regulator; heavy pulsation as oil burner starts)	2
Dirty warm-air system (heavy smudging on and above registers)	4
Dilapidated furnace or boiler	4+
Rusted warm-air ducts	4
Rusted smoke pipe	1
Lack of thermostat	2
Plumbing	
Water heater under 50-gal. capacity	2
Water hammer	2
Clogged or undersized pipes (low pressure at faucets)	4+
Low municipal water pressure	4+
Inadequate water supply (private system)	4+ to Dis.
Sluggish drains	2
Very hard water and no water-softening system	2
Electrical	
Inadequate outlets and switches	2
Less than 100 ampere service	
No 20-ampere outlet available in kitchen	2
Badly rusted armored cable (general condition in cellar)	4
Outside the house	
Exterior walls and corners	
Moderately deteriorated siding	2-4
Severely deteriorated siding	4+ to Dis.
Framing failure (severe bulging of wall or walls)	Dis.
Walls or corners out of poumb	Dis.
Outside chimney leaning away from house	Usually Dis.
Open joints in outside chimney	2
Crumbling putty on windows	1-2
Caulking needed in general	2
Pointing needed for brick walls and chimneys	2-4
Deteriorated flashing around windows	2-4

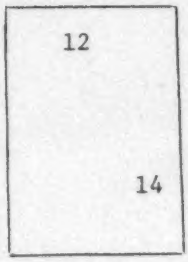
THE DEFECT	DEMERITS
Exterior Paint	
General blistering and peeling of new paint, if caused by condensation in walls	Usually dis.
Normal paint failure (chalking or powdering with age)	2
Roof	
Failing shingle roof (many borken, warped, and upturned shingles)	4
Complex roof design (many valleys, peaks, dormers)	4
Deteriorated flashing	2-4
Gutters and leaders	
Rusted gutters	2
Rotted wooden gutters	4
Sound wooden gutters but not metal lined	2
Absence of the tile drains to lead-off water from rain spouts	1
Screens, storm windows, doors	
Absence of screens, or screens in poor condition	2
Absence of storm windows and doors where required by climate	4
Garage	
Two-car garage less than 22 x 22 feet	4
One-car garage less than 20 x 12 feet	2
Attached garage without fire door between garage and house	2
Inconvenient door	2
Lot and Land	
Landscaping poorly maintained	4
Frontage under standard for neighborhood	4+
House on inadequately compacted fill	4+ or Dis.
House near water course subject to flooding	4+ or dis.
Hillside lot subject to erosion (no terracing)	4
Collapsing retaining walls	4
Absence of mature trees, except where generally unavailable	4
Driveway, walks, patio in need of repairs (cracked cement)	4

SOURCE: adapted from CONSUMER REPORTS, 1961 BUYING GUIDE.

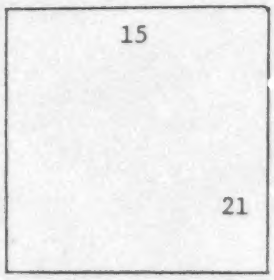
TRANSPARENCY #21

STANDARD ROOM SIZES

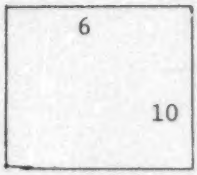
LIVINGROOM



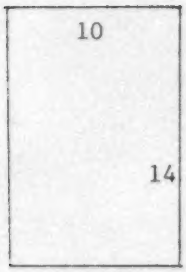
DININGROOM



FAMILY ROOM

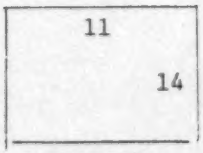


SERVICE PORCH



KITCHEN

MASTER BEDROOM



BEDROOM

TRANSPARENCY #23

PRELIMINARY COSTS OF BUYING, BUILDING,

AND MOVING INTO A HOME

BUYING MAY INCLUDE PRELIMINARY COSTS OF:

A land survey
House inspection
A title search and insurance
Mortgage service charges and credit reports
Recording fees for the deed and mortgage
A notary fee
Real estate transfer taxes
Advance payments on taxes, fire insurance, and special assessments
An attorney's fees

BUILDING INCLUDES ADDITIONAL COSTS OF:

The lot
House fee plans
Fee of the architect or construction
The building permit
Inspection fee
Permit to connect utilities
Margin for extra expenses during building
Possible well-septic system
Plot plans

MOVING INTO THE HOME MAY INCLUDE THE COSTS OF:

Extra furniture
Draperies and curtains
Carpeting
Maintenance equipment
Outdoor furniture
landscaping
Movers
Decorating
Necessary repairs and improvements for older houses

TRANSPARENCY #22

OFFERING RANGE -- BUYER'S MARKET

Asking Price:	30,000	40,000	50,000	60,000	70,000	80,000
First Low Offer:	25,000	32,500	40,000	50,000	58,000	65,000

OFFERING RANGE -- SELLER'S MARKET

Asking Price:	30,000	40,000	50,000	60,000	70,000	80,000
First Low Offer:	27,000	36,000	45,000	54,000	63,000	72,000